

AMENDED IN SENATE APRIL 1, 2013

**SENATE BILL**

**No. 688**

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**Introduced by Senator Galgiani**

February 22, 2013

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An act to ~~amend Section 24275 of the Health and Safety Code, relating to asbestos safety~~ add Section 6358.3 to, and to repeal Section 6018.1 of, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 688, as amended, Galgiani. ~~Asbestos safety: regulations. Sales and use taxes: exemptions: animals: drug and medicines.~~

*Existing sales and use tax laws impose a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state, and provides various exemptions from those taxes. Existing sales and use tax laws, with certain exceptions, define a retailer as a seller who makes any retail sale of tangible personal property and as a person who makes more than 2 retail sales of tangible personal property during any 12-month period, and defines a retail sale as a sale of tangible personal property for any purpose other than resale in the regular course of business.*

*Existing sales and use tax law provides that a licensed veterinarian is a consumer of, and not a retailer of, drugs and medicines used or furnished by the veterinarian in the performance of his or her professional services, so that the retail sale subject to tax is the sale of drugs and medicine to the licensed veterinarian.*

*This bill would repeal the provision that a licensed veterinarian is a consumer of drugs and medicines used or furnished by the veterinarian in the performance of his or her professional services.*

*This bill would exempt from sales and use taxes the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, drugs and medicines used, furnished, or sold by a licensed veterinarian, a city, county, city and county, or other local government animal shelter, or a nonprofit animal welfare or rescue organization for the treatment of animals.*

*The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and existing law authorizes districts, as specified, to impose transactions and use taxes in accordance with the Transactions and Use Tax Law, which conforms to the Sales and Use Tax Law. Amendments to state sales and use taxes are incorporated into these laws.*

*Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.*

*This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse any local agencies for sales and use tax revenues lost by them pursuant to this bill.*

*This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.*

~~Under existing law, if the State Department of Public Health believes that the air monitoring standard for asbestos in public school buildings should be revised, the department is required to promulgate a regulation to that effect. Existing law requires the department to provide the Office of Public School Construction with appropriate sampling methodology for use in taking air samples in public school buildings.~~

~~This bill would make a technical, nonsubstantive change to these provisions:~~

~~Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: ~~no~~-yes.~~

*The people of the State of California do enact as follows:*

- 1 *SECTION 1. Section 6018.1 of the Revenue and Taxation Code*
- 2 *is repealed.*

1 6018.1. A licensed veterinarian is a consumer of, and shall not  
2 be considered a retailer within the provisions of this part with  
3 respect to, drugs and medicines used or furnished by him or her  
4 in the performance of his or her professional services.

5 For the purposes of this section, “drugs and medicines” includes  
6 substances or preparations intended for use in the diagnosis, cure,  
7 mitigation, treatment, or prevention of disease in animals and  
8 which is commonly recognized as a substance or preparation  
9 intended for this use. The term includes legend drugs, pills and  
10 capsules (other than vitamins), liquid medications, injected drugs,  
11 ointments, vaccines, intravenous fluids, and medicated soaps if  
12 those soaps are available only to veterinarians. The term does not  
13 include vitamins, shampoos, pet foods, prescription diet foods,  
14 artificial diets, flea powders, and flea sprays.

15 *SEC. 2. Section 6358.3 is added to the Revenue and Taxation*  
16 *Code, to read:*

17 6358.3. (a) *There are exempted from the taxes imposed by this*  
18 *part the gross receipts from the sale of, and the storage, use, or*  
19 *other consumption in this state of, drugs and medicines used,*  
20 *furnished, or sold by a licensed veterinarian, a city, county, city*  
21 *and county, or other local government animal shelter, or a*  
22 *nonprofit animal welfare or rescue organization for the treatment*  
23 *of animals.*

24 (b) *For purposes of this section:*

25 (1) *“Animal” includes any member of the animal kingdom other*  
26 *than humans, and includes fowl, fish, and reptiles, whether wild*  
27 *or domestic.*

28 (2) *“Drugs and medicines” includes any substance or*  
29 *preparation intended for use in the diagnosis, cure, mitigation,*  
30 *treatment, or prevention of disease in animals and which is*  
31 *commonly recognized as a substance or preparation intended for*  
32 *this use. The term includes legend drugs, pills and capsules (other*  
33 *than vitamins), liquid medications, injected drugs, ointments,*  
34 *vaccines, intravenous fluids, and medicated soaps if those soaps*  
35 *are available only to veterinarians. The term does not include*  
36 *vitamins, shampoos, pet foods, prescription diet foods, artificial*  
37 *diets, flea powders, and flea sprays.*

38 (3) *“Licensed veterinarian” means a person licensed pursuant*  
39 *to Chapter 11 (commencing with Section 4800) of Division 2 of*  
40 *the Business and Professions Code.*

1 (4) “Nonprofit animal welfare or rescue organization” means  
 2 any organization, formed and operated for the primary purpose  
 3 of prevention of abuse, neglect, or exploitation of animals, that is  
 4 exempt from tax under Section 23701 as an organization described  
 5 in Section 23701d.

6 SEC. 3. Notwithstanding Section 2230 of the Revenue and  
 7 Taxation Code, no appropriation is made by this act and the state  
 8 shall not reimburse any local agency for any sales and use tax  
 9 revenues lost by it under this act.

10 SEC. 4. This act provides for a tax levy within the meaning of  
 11 Article IV of the Constitution and shall go into immediate effect.  
 12 However, the provisions of this act shall become operative on the  
 13 first day of the first calendar quarter commencing more than 90  
 14 days after the effective date of this act.

15 SECTION 1. ~~Section 24275 of the Health and Safety Code is~~  
 16 ~~amended to read:~~

17 ~~24275. (a) If the State Department of Public Health believes~~  
 18 ~~that the air monitoring standard for asbestos in public school~~  
 19 ~~buildings as specified in Section 49410.7 of the Education Code~~  
 20 ~~should be revised, it shall promulgate a regulation to that effect.~~

21 ~~(b) The department shall provide the Office of Public School~~  
 22 ~~Construction with appropriate sampling methodology for use in~~  
 23 ~~taking air samples in public school buildings.~~